



THE UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2010

BY KJAER GROUP A/S



HUMAN RIGHTS

LABOUR RIGHTS

ENVIRONMENT

ANTI-CORRUPTION



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Kjaer Group A/S is committed to the principles articulated in the United Nations Global Compact (UNGC). We have been proud signatories to this international voluntary initiative since November 2003. In 2007 Kjaer Group A/S further confirmed our support for a cleaner environment by joining UN's environmental initiative, Caring for the Climate.

The UN Global Compact establishes an important framework for the activities of Kjaer Group A/S and it is incorporated into the company's governance framework: The Kjaer Group Way of Management (KWOM).

In 2009, Kjaer Group A/S started facilitating the communication and interpretation of KWOM including the implementation of key policies and processes. This has resulted in a systematic approach and structure, which allows us to follow up on, improve and appreciate the achieved success.

An example is the focus on implementing our Global Risk Management, Remuneration and HSE policies, which have given us insight and direction on how to improve our business in a sustainable way. Though we have not reached our overall targets yet, we are confident that if we carry on aiming at the target set in 2009, we will continue the growth of our business in a responsible manner, balancing the financial results with social and environmental responsibilities.

We are optimistic about the opportunities for our business and the positive effects our approach will continue to have on people's lives in the developing countries we are operating in. We strongly believe that the systematic approach we are practicing through KWOM will contribute to the development of international high standards in these emerging economies in the area of social obligations and environmental challenges.

Thus, on behalf of Kjaer Group's 250 employees, I reaffirm our commitment to compliance with the 10 Principles of the Global Compact. I hope you will find this Communication on Progress informative and I invite you to view the Kjaer Group website www.kjaergroup.com and our Annual Report 2010.

Per S. Lundgren,

CEO, Kjaer Group A/S



HUMAN RIGHTS

Commitment: Kjaer Group bases its actions on the principles of professionalism, respect, honesty and dedication. Understanding and accepting different cultures is a key element in our organization as is complying with local and international laws. For further information, please see the [Kjaer Group Way of Management](#)
 Kjaer Group exercises the right to freedom of association and we do not conduct or condone forced, compulsory or child labor.

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
 Principle 2: Businesses should make sure that they are not complicit in human rights abuses

Systems	Targets 2010	Actions 2010	Performance 2010	Targets 2011
Kjaer Group Values	<p>Communication and discussion of the corporate values in all entities</p> <p>Monitoring: Include the values in the annual Kjaer Group Staff Satisfaction Survey</p>	<p>Locally organized workshops took place to introduce the values. Further questions conc. values were added to the People Performance & Development Appraisal (PDA) held in October</p> <p>Questions included in Staff Satisfaction Survey</p>	<p>75% participated in the value sessions</p> <p>57% answered positive when asked "People in my entity live the Kjaer Group values" (82% participated in survey)</p>	<p>70% answer positive when asked "People in my entity live the Kjaer Group values"</p>
Staff Satisfaction Survey	<p>0% negative scores when Kjaer Group employees are asked if they believe they are treated fairly</p>	<p>Annual Staff Satisfaction Survey carried out anonymously among all employees in November</p>	<p>79% scored positive responses and 7% negative when asked "People are treated equally regardless of age, race/ethnic origin/religion, sex, sexual orientation and disability" (82% participated in the survey)</p>	<p>0% negative responses when asked "People are treated equally regardless of age, race/ethnic origin/religion, sex, sexual orientation and disability"</p> <p>Optimize survey to increase participation rate to 90%</p>
Health, Safety & Environmental Policy	<p>Implementation of the HSE policy in all entities</p> <p>Monitoring: Include HSE Policy in the performance evaluation of all staff and assign one person to be responsible for HSE in each relevant business unit</p>	<p>Implementation of the group level HSE policy in all entities</p> <p>Questions about group policies added to the People Performance & Development Appraisal (PDA)</p>	<p>Implementation of local level HSE policy initiated. Estimated compliance: 70%</p>	<p>100% Implementation of the local level HSE policies</p>



LABOUR RIGHTS

Commitment: Kjaer Group A/S is committed to secure compliance with all relevant laws and regulations in order to provide a safe and healthy workplace for all employees.

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor
- Principle 5: Businesses should uphold the effective abolition of child labor
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

<i>Systems</i>	<i>Targets 2010</i>	<i>Actions 2010</i>	<i>Performance 2010</i>	<i>Targets 2011</i>
Remuneration Policy	<p>Communication and implementation of the policy in all entities</p> <p>Monitoring: All entities will have a written remuneration system approved by and filed with Group HR by end 2010</p>	<p>Implementation of the group level Remuneration (REM) policy in all entities</p> <p>Benchmarking to the local markets</p>	<p>Remuneration system is developed in all Business units</p> <p>All salaries are over minimum wages level</p> <p>All salaries are adjusted according to benchmark or an individual development plan is in place</p>	<p>100% of Business units to have an approved and implemented local level Remuneration policy and system</p>
Performance & Development Appraisal	<p>100% compliance with performance review processes in all entities</p> <p>Update the appraisal reviews with the KWOM as part of a monitoring system for implementation</p>	<p>People Performance & Development Appraisals (PDA) carried out in March, May and September on basis of the BSC targets. Performance year-end review in March and new performance targets set in BSC in March</p>	<p>Approx. 80% compliance with performance review processes in all entities</p> <p>PDA updated with the KWOM</p>	<p>100% compliance with performance & development appraisal PDA processes in all entities</p>
Staff Satisfaction Survey	<p>Improve satisfaction rate to 80%</p>	<p>Annual Staff Satisfaction Survey carried out anonymously among all employees via website in English</p>	<p>Satisfaction rate 2010: 73% of all staff members think that "taking everything into consideration, Kjaer Group is a great place to work". (82% response rate)</p>	<p>Improve satisfaction rate to 80%</p> <p>Increase participation rate to 90%</p>



ENVIRONMENT

Commitment: Kjaer Group is committed to operate with the lowest possible impact on the environment. (Kjaer Group HSE Policy)

Principle 7: Business should support a precautionary approach to environmental challenges
 Principle 8: Business should undertake initiatives to promote greater environmental responsibility
 Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

<i>Systems</i>	<i>Targets 2010</i>	<i>Actions2010</i>	<i>Performance 2010</i>	<i>Targets 2011</i>
Health, Safety & Environmental Policy	Implementation of the HSE policy in all entities Monitoring: Include HSE Policy in the performance evaluation of all staff and assign one person to be responsible for HSE in each relevant business unit	Implementation of the group level HSE policy in all entities Questions about group policies added to the People Performance & Development Appraisal (PDA)	Implementation of local level HSE policy initiated. Estimated compliance: 70%	100% Implementation of the local level HSE policies
Environmentally friendly initiatives supporting or relevant to the business	Encourage action budget 2010 Group Campaign developed and approved by April 2010	All Business Units (BU) took environmentally friendly initiatives supporting or relevant to their business	“Right-size Fleet” campaign Environmental motorcycle campaign Drive Safe training program	Encourage action in BU’s budget 2011



ANTI-CORRUPTION

Commitment: Kjaer Group does not accept corruption of any kind.				
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery				
Systems	Targets 2010	Actions 2010	Performance 2010	Targets 2011
Kjaer Group Value Folder	<p>Communication and discussion of the corporate values in all entities</p> <p>Monitoring: Include the values in the annual Kjaer Group Staff Satisfaction Survey</p>	<p>Locally organized workshops took place to introduce the values. Further questions conc. values were added to the People Performance & Development Appraisal (PDA) held in October.</p> <p>Questions included in Staff Satisfaction Survey</p>	<p>75% participated in the value sessions</p> <p>57% answered positive when asked "People in my entity live the Kjaer Group values". (82% participated in survey)</p>	<p>70% answer positive when asked "People in my entity live the Kjaer Group values"</p>
Risk Management Policy	<p>Implementation of the Risk Management Policy throughout the Group</p> <p>Monitoring: At least once a year Kjaer Group will perform an audit to ensure that the policies are in place and followed.</p>	<p>Implementation of the group level Risk Management policy in all entities</p> <p>Questions about introduction to group policies added to the People Performance & Development Appraisal (PDA)</p>	<p>Local Risk Management policies developed and adopted covering approximately 80% of the group</p>	<p>Development and adoption of local level Risk Management policies covering the remaining 20% of the Group</p> <p>Monitoring: Group audit of the implementation</p>
Employment Procedure	<p>Global compact to be included in the actual employee contracts and the induction program for new employees</p>	<p>Included in the contracts for new employees and in the induction for new employees in the Head Office</p>	<p>Included in the contracts for new employees and in the induction for new employees in the Head Office</p>	<p>KWOM to be included in all employee contract templates and in the induction program for new employees in the group</p>